RECORD AND BRIEFS

No. 15-1293

IN THE

Supreme Court of the United States

MICHELLE K. LEE, DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE,

Petitioner,

v.

SIMON SHIAO TAM,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

WALTER E. HANLEY JR.
President
NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION
ANDREWS KURTH KENYON LLP
One Broadway
New York, NY 10004
(212) 425-7200

DYAN FINGUERRA-DUCHARME
Counsel of Record
DANIELLE E. TEPPER
PRYOR CASHMAN LLP
Seven Times Square
New York, NY 10036
(212) 421-4100
dfinguerra-ducharme@pryorcashman.com

CHARLES R. MACEDO
DAVID P. GOLDBERG
Co-Chair of Amicus Briefs Committee
NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION
AMSTER, ROTHSTEIN & EBENSTEIN LLP
90 Park Avenue
New York, NY 10016
(212) 336-8000

Counsel for Amicus Curiae New York Intellectual Property Law Association
(For Continuation of Appearances See Signature Page)

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INTEREST OF *AMICUS CURIAE*

The New York Intellectual Property Law Association ("NYIPLA" or "Association") respectfully submits this *amicus curiae* brief in support of neither party.[1]

The arguments set forth herein were approved on November 17, 2016 by an absolute majority of the officers and members of the Board of Directors of the NYIPLA, including any officers or directors who did not vote for any reason, including recusal, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Committee on Amicus Briefs who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party in this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

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1. Petitioner consented to the filing of *amicus curiae* briefs in support of either party or neither party in a docket entry dated November 14, 2016, and Respondent consented to the filing of *amicus curiae* briefs in support of either party or neither party in a docket entry dated September 30, 2016. Pursuant to Sup. Ct. R. 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the NYIPLA, its members, or its counsel made a monetary contribution to its preparation or submission.

The NYIPLA is a professional association of over 1,000 attorneys whose interests and practices lie in the area of patent, trademark, copyright, trade secret and other intellectual property law. The Association's members are frequent participants in federal litigations with respect to trademark claims brought under the Trademark Act of 1946 (the "Lanham Act"), 15 U.S.C. §§ 1051 *et seq.*, state law and common law and in administrative proceedings before the Trademark Trial and Appeal Board ("TTAB") of the United States Patent and Trademark Office ("PTO"). In addition, the Association's members file thousands of federal trademark applications each year with the PTO. Accordingly, the Association's members are interested in the development of trademark law principles that are clear, consistent and equitable.

The NYIPLA's members and their respective clients have a strong interest in this case because it necessarily involves the interplay between the "may disparage" bar to registration in Section 2(a) of the Lanham Act directly at issue in the case and a common law trademark owner's ability to pursue remedies under Section 43(a) of the Lanham Act.

SUMMARY OF ARGUMENT

Section 2 of the Lanham Act makes clear that "[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless" the mark is disqualified for such registration by one of the separate subparagraphs in that section. At issue here is whether the prohibition against registration of marks that "may disparage" persons under Section

2(a) of the Lanham Act is constitutional. While NYIPLA does not take a position regarding whether Section 2(a) is constitutional, NYIPLA respectfully submits this Amicus Brief to address an important trademark law issue inherent in this Court's determination of the merits of the question presented.

In *Two Pesos v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1995), this Court stated that Section 43(a) of the Lanham Act "protects qualifying unregistered trademarks and . . . the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a)" (citation omitted). The court below read this statement to imply that an entity whose application is denied under Section 2(a) may not invoke Section 43(a) to enforce its mark because the mark has been deemed "unregistrable" matter. The Lanham Act and *Two Pesos* do not support this interpretation. Accordingly, NYIPLA respectfully requests that the Court to clarify that its statements in *Two Pesos* should not be read to preclude the owners of common law marks from availing themselves of Section 43(a) even if the PTO denied an application for the mark at issue on Section 2(a) grounds.

BACKGROUND

I. IN THE PATENT AND TRADEMARK OFFICE

Section 2(a) of the Lanham Act provides, in relevant part:

> No trademark by which the goods of the applicant may be distinguished from the goods

> of others shall be refused registration on the principal register on account of its nature unless it—
>
> (a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage . . . persons . . . .

15 U.S.C § 1052(a). Simon Shiao Tam, the "front man" for the all Asian-American dance-rock band named "The Slants," filed an application with the PTO to register THE SLANTS as a trademark for use in connection with "entertainment in the nature of live performances by a musical band."

In June 2012, the PTO issued a final rejection of the application on the grounds that, under Section 2(a), the mark may disparage persons of Asian descent. Tam thereafter requested reconsideration of the final rejection, and also appealed the rejection to the TTAB. The request for reconsideration was denied in December 2012, and in September 2013, the TTAB affirmed the PTO's final rejection. *In re Simon Shiao Tam*, 108 U.S.P.Q.2d 1305, *5 (T.T.A.B. Sept. 26, 2013). In reaching this conclusion, the TTAB stated:

> We emphasize that this decision only pertains to applicant's right to register the term and "it is clear that the PTO's refusal to register [applicant's] mark does not affect [his] right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, [applicant's] First Amendment rights would not be abridged by the refusal to register [his] mark."

Id. at *8 (quoting *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981)).

The PTO refused the mark solely on Section 2(a) grounds – neither Section 2(e) nor Section 2(d) was at issue in its non-registration determination for THE SLANTS mark.

II. IN THE FEDERAL CIRCUIT

A. Decision of the Three-Judge Panel

In November 2013, Tam appealed the TTAB's decision directly to the Court of Appeals for the Federal Circuit ("Federal Circuit"). *In re Tam*, 785 F.3d 567, 573 (Fed. Cir. 2015). In an opinion by Judge Kimberly A. Moore, the court affirmed the TTAB's decision, finding that there was substantial evidence supporting the TTAB's holding that "'THE SLANTS [mark] is likely offensive to a substantial composite of people of Asian descent." *Id.* at 571. The court further concluded that:

> [w]ith respect to [Tam's] First Amendment rights, it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark.

Id. at 572 (quoting *In re McGinley*, 660 F.2d at 484). Judge Moore appended to the court's opinion a statement of "additional views" suggesting that the Federal Circuit

revisit the holding in *In re McGinley*, given that more than thirty years had passed since the decision issued. Judge Moore noted that during that period, not only had the Federal Circuit's reliance on *McGinley* been heavily criticized, but First Amendment jurisprudence had evolved significantly. *Id.* at 573–74.

B. Decision of the Federal Circuit Sitting *En Banc*

In response to Judge Moore's "additional views," the Federal Circuit vacated the three-judge panel's decision and ordered that the appeal be heard, in the first instance, by the court sitting *en banc* to address one question: does the bar in Section 2(a) on registration of disparaging marks violate the First Amendment? *In re Tam*, 785 F.3d 567 (Fed. Cir. 2015).

Before the *en banc* court, the PTO argued that, as a threshold matter, the refusal to register the mark did not implicate the First Amendment because Section 2(a) did not suppress expression; the trademark owner still maintained a right to use the mark. *In re Tam*, 808 F.3d 1321, 1340 (Fed. Cir. 2015) (*en banc*). A majority of the *en banc* court rejected this argument and found that the proscription of the registration of disparaging trademarks under Section 2(a) – whether examined under the strict scrutiny standard applied to the expressive aspects of speech, or under the intermediate scrutiny standard applied to the commercial aspects of speech – violated the First Amendment's guarantee of freedom of speech. *Id.* at 1339, 1355–57.

Constitutional arguments aside, the government coupled its "right to use" point with its claim that the

trademark owner "may" have the ability to enforce the owner's unregistered trademarks under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). *Id.* at 1344 n.11. The Federal Circuit expressed skepticism as to whether Section 43(a) is available to owners of trademarks that are denied registration because of the prohibitions in Section 2(a):

> [I]t is not at all clear that Mr. Tam could bring a § 43(a) unfair competition claim. Section 43(a) allows for a federal suit to protect an unregistered trademark, much like state common law. *But there is no authority extending § 43(a) to marks denied under § 2(a)'s disparagement provision. To the contrary, courts have suggested that § 43(a) is only available for marks that are registrable under § 2. See Two Pesos*, 505 U.S. at 768 (section 43(a) "protects qualifying unregistered trademarks and . . . the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a)"); *Yarmuth-Dion, Inc. v. D'ion Furs, Inc.*, 835 F.2d 990, 992 (2d Cir. 1987) (requiring a plaintiff to "demonstrate that his [unregistered] mark merits protection under the Lanham Act"); *see also Renna v. County of Union*, 88 F. Supp. 3d 310, 320 (D.N.J. 2014) ("Section 2 declares certain marks to be unregistrable because they are inappropriate subjects for trademark protection. It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not

> actionable under Section 43, either."). And we have found no case allowing a § 43(a) action on a mark rejected or cancelled under § 2(a).

Id. at 1344 n.11 (emphasis added).

Although observing that "there is no authority extending § 43(a) to marks denied under § 2(a)'s disparagement provision," the Federal Circuit also did not identify any provision in Section 43(a) that excludes disparaging trademarks from its scope. And, while it cited case law "suggest[ing] that § 43(a) is only available for marks that are registrable under § 2," the Federal Circuit also did not identify any case holding that a trademark was not protectable under Section 43(a) because it was disparaging, as opposed to being not protectable on other grounds, such as because the mark is descriptive, generic, or likely confusing with a similar mark. *Id.* Irrespective of how this Court decides the constitutional question raised by this appeal, the Association respectfully submits that the Federal Circuit's interpretation of *Two Pesos* and Section 43(a) is erroneous as a matter of law and should be corrected by this Court.

ARGUMENT

I. THIS COURT SHOULD CLARIFY WHETHER AN APPLICANT WHO HAS BEEN DENIED FEDERAL REGISTRATION ON THE BASIS OF SECTION 2(a) MAY NEVERTHELESS INVOKE PROTECTION UNDER SECTION 43(a)

Section 43(a) of the Lanham Act is clear that a plaintiff need not have a registration to bring a civil action based

on another's use of a confusingly similar mark. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000). Specifically, Section 43(a) permits a civil action to be brought by "any person who believes that he or she is or is likely to be damaged by" the actions of another "who, on or in connection with any goods or services . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin" which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person." 15 U.S.C. § 1125(a).

In the opinion below, however, the Federal Circuit suggests that the law is not clear as to whether the owner of a mark that has been rejected by the PTO on disparagement grounds under Section 2(a) is equally entitled to invoke the protections of Section 43(a). *In re Tam*, 808 F.3d at 1344 n.11. Judge Moore's *en banc* opinion further notes that "the government has not pointed to a single case where the common-law holder of a disparaging mark was able to enforce that mark, nor could [the Federal Circuit] find one." *Id.* at 1344.

Judge Moore's footnote suggests that the dearth of case law tends to support the conclusion that Section 43(a) is only available for marks that are registrable under Section 2. *See id.* (citing *Two Pesos v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1995); *Yarmuth-Dion, Inc. v. D'ion Furs, Inc.*, 835 F.2d 990, 992 (2d Cir. 1987); *Renna v. County of Union*, 88 F. Supp. 3d 310, 320 (D.N.J. 2014)). Thus, Judge Moore's footnote raises a question as to whether

the possession of registrable matter is a prerequisite for Lanham Act protection. *See id.* In other words, if "any word, term, name, symbol or device" as described in Section 43(a) is deemed not entitled to registration because it is disparaging, can the owner nevertheless enforce its common law rights against others using similar marks that are likely to cause consumer confusion, mistake or deception, or does the unregistrable status deprive the owner of the potential Section 43(a) claim?

As shown in the analysis that follows, nothing in the statute or case law prevents the owner of a mark that has been rejected on Section 2(a) disparagement grounds from availing itself of Section 43(a). In light of the language contained in the decision below, NYIPLA believes it is important for the Court to clarify that, if the PTO denies registration under Section 2(a), such denial should not, in and of itself, preclude a claim under Section 43(a) if a mark is otherwise protectable and enforceable under common law.

A. The Legislative History Supports That Section 43(a) Was Intended to Apply Broadly Even to Marks Not Entitled to Federal Trademark Registration

Section 43(a) provides individuals with a federal cause of action to enforce common law trademark rights arising under unregistered marks, *see, e.g.*, *Patsy's Italian Rest. v. Banas*, 658 F.3d 254, 267 (2d Cir. 2011) (citing *id.* § 1125(a)), and serves the primary function of deterring consumer confusion, *see EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopulos Inc.*, 228 F.3d 56, 61 (2d Cir. 2000). In 1988, Congress amended Section 43(a) to

"codify the law laid down by [the] Federal courts," 134 Cong. Rec. S5864-02 (May 13, 1988) (statement of Sen. Grassley), which "had expanded the [S]ection beyond its original language in 1946," *Two Pesos*, 505 U.S. at 783 (Stevens, J., concurring). *See also, e.g.*, *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76, 79 (2d Cir. 1981) (noting that Section 43(a) "should be interpreted and applied broadly so as to effectuate its remedial purpose") (citations omitted). In so doing, and in line with the federal courts' then-trend to permit "a broad class of suitors . . . likely to be injured by such wrong" to enforce their trademarks without registration, Congress' intention was to "create, in essence, a federal law of unfair competition." *Two Pesos*, 505 U.S. at 779-80 (Stevens, J., concurring) (quoting The United States Trademark Ass'n Trademark Review Comm. Report and recommendations to USTA President and Board of Directors, 77 Trademark Rep. 375, 426 (1987)).

Given this expansive purpose of Section 43(a), it follows that independent of federal registration, a trademark owner should be permitted to prevent and enjoin "any word, term, name, symbol or device" or "any false designation of origin likely to cause confusion" as to source or origin. 15 U.S.C. § 1125(a); *see also* 134 Cong. Rec. S5864-02 (May 13, 1988) (amending Section 43(a) from creating liability for "a" false designation of origin to creating liability for "any" false designation of origin). Whether the PTO has denied an application on the basis that the mark "may disparage" is entirely irrelevant to the analysis of whether the mark owner is able to utilize Section 43(a) to prevent a defendant's use of a mark is likely to cause consumer confusion, mistake or deception as to source or origin of it goods. As a result, the Court

should clarify that Section 43(a) may be invoked by the owner of any otherwise enforceable common law mark regardless of whether that mark was registered by the PTO.

B. This Court's Statement in *Two Pesos* Does Not Preclude the Availability of Section 43(a) to Marks Refused Under Section 2(a)

To support its suggestion that Section 43(a) may not be available to an owner of a mark that the PTO has deemed disparaging, the Federal Circuit relied on a statement from this Court in *Two Pesos*. *In re Tam*, 808 F.3d at 1344 n.11. In *Two Pesos*, this Court recognized that "it is common ground that §43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a)." *Two Pesos*, 505 U.S. at 768; *Wal-Mart Stores, Inc.*, 529 U.S. at 210 (quoting the same phrase from *Two Pesos*). Other courts have also interpreted *Two Pesos* in a similar fashion as the Federal Circuit. *See Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 128 (2d Cir. 2009) (citing *Two Pesos* for the proposition that "Section 43(a) of the Lanham Act protects unregistered trademarks as long *as the mark could qualify for registration* under the Lanham Act" (emphasis added)).

The Court in *Two Pesos* was not considering Section 2(a) or the other bars to registration in Section 2. Nor did the Court even address the registrability of the restaurant trade dress at issue in that case. Instead, the issue determined was whether the trade dress could be

protected as inherently distinctive or whether secondary meaning was required. The Association respectfully submits that this passage from *Two Pesos* does not support using Section 2(a) to limit Section 43(a), but rather concerns only the issue of the overriding concern of the initial phrase in Section 2 to the effect that to qualify for protection a trademark must distinguish the mark owner's goods from the goods of others. The use of "qualifying" in the quote "§43(a) protects *qualifying* unregistered trademarks" relates only to whether the mark operates as a trademark, i.e., whether it is capable of distinguishing the source of goods or services. *See id.* at 768. This interpretation is consistent with limits in the quoted statement from *Two Pesos*, which refer to "general principles" for registration that are applicable "for the most part" in determining whether an unregistered mark is entitled to Section 43(a) protection. *Cf. In re City of Houston*, 731 F.3d 1326, 1331 (Fed. Cir. 2013) ("We note that Houston has other means to prevent 'pirates and cheats' from using its city seal to deceive the public, [notwithstanding its rejection for federal registration under § 2(b)]. . . . Other legal protections under the Lanham Act may exist as well. *See* 15 U.S.C. § 1125."); *Brothers of Wheel M.C. Exec. Council, Inc. v. Mollohan*, 909 F. Supp. 2d 506, 542 (S.D. W. Va. 2012) ("As noted earlier, the flag contained within the plaintiff's mark does not violate PTO guidelines [under § 2(b), but] even if it did, unregistered marks are protected under Section 43(a).").

While the Court in *Two Pesos* generally discussed Section 2 and Section 43(a), it did so only in the context of assessing requirements for establishing distinctiveness – that is, the mark's ability to distinguish the goods of the owner from those of others. The Court was asked to

decide only whether a plaintiff with unregistered trade dress for its restaurant could sue a potential infringer for infringement under Section 43(a) if plaintiff's trade dress was found to be inherently distinctive but without secondary meaning. *See id.* at 765. The jury and the lower courts found that the trade dress was not descriptive, was inherently distinctive, and that it was not functional and those findings were not before the Court. The only issue was whether the jury's finding that the trade dress had no secondary meaning disqualified the trade dress from protection under Section 43(a), when the jury also found that the trade dress was inherently distinctive. The Court held that trade dress that is "inherently distinctive" is protectable without secondary meaning, because that trade dress is "capable of distinguishing the goods of the users of these marks." *Id.* at 772.

Clearly, a mark may well be capable of distinguishing the source of goods or services even if the mark conveys a message that "may disparage." Importantly, there is no language or suggestion in either *Two Pesos* or the legislative history of Section 43(a) that tethers Section 43(a) to any determination by the PTO unrelated to the ability of the mark to function as a trademark. *See* 100 Cong. Rec. S 16973 (Oct. 20, 1988). Rather, Section 43(a) serves to provide a brand owner who has not received a federal registration the ability to enforce its trademark against another who is using a mark likely to cause confusion. *See Sugar Busters LLC v. Brennan*, 177 F.3d 258, 269 (5th Cir. 1999) (finding that "the descriptive nature of a literary title does not mean [ ] that such a title cannot receive protection under § 43(a)"); *Orient Exp. Trading Co. v. Federated Dep't Stores, Inc.*, 842 F.2d 650, 654 (2d Cir. 1988) ("Even if appellants' registered marks

are cancelled, . . . the use of the [disputed] name . . . could still be protected from unfair competition under section 43(a) of the Lanham Act.") (citation omitted); *Walt-W. Enters. v. Gannett Co.*, 695 F.2d 1050, 1054 n.6 (7th Cir. 1982) ("Although trade names . . . are not registrable under the Lanham Act, an action for trade name infringement is nonetheless proper under 15 U.S.C. § 1125(a)." (citations omitted)).

C. The Purpose of Section 43(a) Supports That *Two Pesos* Should Not Limit Section 43(a)'s Availability by "Registrability" Under Section 2(a)

"The purpose of [Section 43(a)] is "to prevent consumer confusion regarding a product's source . . . and to enable those that fashion a product to differentiate it from others on the market." *EMI Catalogue P'ship*, 228 F.3d at 61 (internal quotation marks omitted). On the other hand, the purpose of Section 2(a) is not to address consumer confusion, but rather to codify a statutory prerogative to refuse federal registration to marks "when its meaning may be disparaging to *a substantial composite of the referenced group.*" *In re Lebanese Arak Corp.*, 94 U.S.Q.P.2d 1215, 1217 (T.T.A.B. 2010) (emphasis added). "The PTO uses an objective test in making this determination, looking to dictionaries, the relationship of the matter to the other elements of the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services." *In re Tam*, 808 F.3d at 1364 (Dyk, J., concurring and dissenting in part). This test for disparagement is thus made against a factual record of the mark's meaning to a composite group of persons, without regard to the mark's ability to distinguish the applicant's goods from

those of others and thereby serve as a source identifier. The preamble of Section 2 states "[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration unless" and thus reflects Congress' intent and purpose that a mark which may in fact distinguish the owner's goods from goods of others may nevertheless be refused for reasons wholly unrelated to the mark's ability to distinguish and identify source.

The Association believes that when placed in this context and as necessarily limited by the issues decided in *Two Pesos*, the proper reading of *Two Pesos* is that Section 43(a) and Section 2 both preclude the protection of non-distinctive marks. And because the disparagement clause of Section 2(a), in particular, is not at all designed to address distinctiveness, the fact that a particular mark "may disparage" certain persons should not vitiate its owner's ability to protect its distinctive designation and sue for unfair competition under Section 43(a) to prevent consumer confusion.

CONCLUSION

For the foregoing reasons, the NYIPLA respectfully requests that this Court confirm the availability of Section 43(a) for an applicant whose mark has been denied under Section 2(a).

Respectfully submitted,

WALTER E. HANLEY JR.
President
NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION
ANDREWS KURTH KENYON LLP
One Broadway
New York, NY 10004
(212) 425-7200

CHARLES R. MACEDO
DAVID P. GOLDBERG
Co-Chair of Amicus Briefs Committee
NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION
AMSTER, ROTHSTEIN & EBENSTEIN LLP
90 Park Avenue
New York, NY 10016
(212) 336-8000

PINA M. CAMPAGNA
CARTER, DELUCA, FARRELL & SCHMIDT LLP
445 Broad Hollow Road, Suite 420
Melville, NY 11747
(516) 501-3526

DYAN FINGUERRA-DUCHARME
Counsel of Record
DANIELLE E. TEPPER
PRYOR CASHMAN LLP
Seven Times Square
New York, NY 10036
(212) 421-4100
dfinguerra-ducharme@pryorcashman.com

KATHLEEN E. MCCARTHY
KING & SPALDING LLP
1185 Avenue of the Americas
New York, NY 10036-4003
(212) 556-2345

ROBERT J. RANDO
THE RANDO LAW FIRM P.C.
6800 Jericho Turnpike, Suite 120W
Syosset, NY 11791
(516) 799-9800

MICHAEL C. CANNATA
STEPHEN J. SMIRTI, JR.
FRANK MISITI
RIVKIN RADLER LLP
926 RXR Plaza
Uniondale, NY 11556
(516) 357-3000

WILLIAM THOMASHOWER
SCHWARTZ & THOMASHOWER LLP
15 Maiden Lane, Suite 705
New York, NY 10038
(212) 227-4300

ROBERT M. ISACKSON
VENABLE LLP
Rockefeller Center
1270 Avenue of the Americas,
24th Floor
New York, NY 10020
(212) 307-5500

Counsel for Amicus Curiae
New York Intellectual Property Law Association